International Seabed Authority ISBA/18/FC/4

Finance Committee

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Cost savings and efficiency measures

Report of the Secretary-General

I. Introduction

1. In accordance with previous requests of the Finance Committee, the Secretariat continues to strive to constrain unnecessary increases in its administrative expenses through the implementation of cost savings and efficiency measures, where possible. During the current financial period, these measures included: the replacement and upgrading of the existing telephone switchboard to achieve annual savings of 12 per cent in recurrent costs and an estimated 20 per cent in the costs of international call charges; energy-efficiency measures to achieve a 10 per cent saving in electricity consumption; reduction in expenditure on overtime by approximately 30 per cent through improved management; consolidation of printers and information technology assets to reduce maintenance and consumable costs; and stricter enforcement of travel policies.

2. In addition, the Secretariat was able to recover a total of J$ 2,622,061.24 (US$ 30,138) in the form of outstanding refunds of general consumption tax, unpaid royalties from sales publications and delayed contributions from another agency towards the cost of language training.

3. It should be noted that, the Secretariat's best efforts to constrain unnecessary increases in expenditure through cost-saving measures notwithstanding, local inflation currently stands at 8 per cent and it is expected that most budget lines will be fully expended.

II. Cost savings and efficiency measures

4. The upgrading of the existing private branch exchange communications switchboard is anticipated to result in a saving of US$ 3,840 (12 per cent) in recurrent costs and up to US$ 4,500 (20 per cent) in international call charges.

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5. In view of the high cost of electricity in Jamaica, on average US$ 0.36 per kilowatt-hour compared to US$ 0.10 in the United States of America, the Secretariat has implemented energy-saving measures, such as reducing the number of bulbs utilized and unnecessary use of lights, with the objective of making annual efficiency savings of around 10 per cent (US$ 5,000). Other options, such as the installation of energy-efficient lighting, are currently being explored for the future, although initial investigations suggest that the capital costs of converting to energy efficiency may be prohibitive.

6. In the light of overexpenditure on overtime, working practices were reviewed in August 2011 to reduce overtime and to enforce compensatory time off for scheduled overtime. This is expected to result in savings of approximately 30 per cent against the approved budget.

7. Stricter enforcement of travel policies and a review of existing arrangements with travel agents have resulted in greater efficiency in the use of the Authority's travel budget, large increases in published airfares over the past two years notwithstanding. During 2012, the Secretariat will move from making travel bookings through an approved travel agent to using the Sabre airline reservations system in-house, which will bring about significant savings in travel agent charges and surcharges and provide access to less expensive fares. The Secretariat will also enrol in the American Airlines Business ExtrAA programme, which allows frequent flyer miles earned from travel to be credited to the Authority and used for official travel.

8. Over the coming 12 months, the Secretariat will consolidate and standardize information technology assets such as printers to increase efficiency and reduce expenditure on consumables. The Secretariat will also investigate the potential cost savings from greater use of cloud computing and off-site storage solutions.

III. Recovery of moneys due

9. Over the past year, the Secretariat was able to recover a total of J$ 2,622,061.24 (US$ 30,138) in the form of outstanding refunds of general consumption tax, unpaid royalties from sales publications and delayed contributions from another agency towards the cost of language training.

10. This amount consisted of J$ 1,863,960.24 (US$ 21,425) in respect of general consumption tax paid on electricity and telephone bills, J$ 382,021 (US$ 4,391) in respect of unpaid royalties on sales publications and J$ 376,080 (US$ 4,322) reimbursed by the United Nations Environment Programme in respect of shared costs incurred in providing language training for staff members. The sums recovered have been credited to miscellaneous income in accordance with the Financial Regulations. At this stage, no other large sums remain to be recovered.

IV. Recommendation

11. The Finance Committee is invited to take note of the measures taken by the Secretariat to promote greater efficiency and accountability and to constrain, as far as possible, unnecessary increases in its administrative expenses.